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helping families afford a college education

mefa

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

"Creative tuition plans

mission

The mission of the Massachusetts Educational Financing Authority (mefa) is to promote the economic development of Massachusetts higher education by offering a low cost college loan program, a prepaid tuition/college savings program, an international student loan program, and a public service early awareness and training program.

The Legislature established mefa in 1981, at the request of colleges and universities for the purpose of assisting borrowers and colleges in financing the cost of education.

Since its inception, the Authority has issued over $650 million in bonds and assisted more than 75,000 families in financing a college education. More than 80 colleges and universities in the state participate in one or more of the Authority's programs. mefa is self-financing and receives no government interest subsidies or guarantees from the Commonwealth of Massachusetts.

ease parents' pockets... State governments are also looking to join forces with schools, making a college education more affordable to middle income families. One program is the Massachusetts Educational Financing Authority."

- Cable News Network, Inc. (CNN) - Your Money

PROGRAM HIGHLIGHTS

THE DRAMATIC SUCCESS OF MEFA'S PROGRAMS EVIDENCES THE GROWING DEMAND FOR THE AUTHORITY'S SERVICES, AS WELL AS ITS EXPERTISE IN THE WORLD OF EDUCATION FINANCE:

- MassPlan, one of the nation's lowest cost college loan programs, assists middle-income families attending Massachusetts colleges and universities
- U.Plan, The Massachusetts College Saving Program, enables families to lock in tomorrow's tuition at today's rates at over eighty Massachusetts colleges and universities
- PRISM: Programs for International Students in Massachusetts, expands educational opportunities in the Commonwealth of Massachusetts to students worldwide
- Provides free college financing seminars and information to families, citizens and educational officials throughout the Commonwealth of Massachusetts

The MassPlan has made a tremendous difference for Kerri Reardon, a junior at the University of Massachusetts, Amherst. Reardon, a sociology major, was able to pay for the first two years of her college career, but not for her third. With another daughter also attending college, the Reardons faced overwhelming college expenses. "We were coming to the end of the summer, and I didn't even think I would be returning to school," says Reardon, who is 20. Even though she works on campus to earn extra money and shares an apartment with four other students to keep her living expenses low, it was the MassPlan, with its low interest rates and flexible terms, that enabled Kerri to continue her education. "Without the MassPlan, I wouldn't have been able to go back. I feel incredibly fortunate," she says.

"A laudable effort by state government to offer benefits to ordinary, middle-class taxpayers often reserved for the rich or very poor."

- The Boston Globe

"Families can get variable loans at... two percentage points less than the rate that parents will pay on Federal PLUS loans... Moreover, these loans can be secured by the equity in your home, thus effectively cutting the cost of borrowing by making the interest tax-deductible."

– The Wall Street Journal

committed to affordable education

Believing that every student should have the opportunity to pursue higher education and that parents and schools need advanced financing tools to keep pace with the escalating costs of education, the Massachusetts Educational Financing Authority (MEFA) provides a truly unique government service.

As a not-for-profit entrepreneurial team of finance specialists, MEFA responds quickly and efficiently to changing market needs. Through a series of innovative programs, MEFA has established itself as the provider of the nation's premier student loan program and a visionary in the area of college savings plans.

MEFA's state-of-the-art initiatives include the **MassPlan** Loan Program, the most efficient, low cost, fixed rate college loan in the United States and the **U.Plan**, The Massachusetts College Saving Program, one of the most highly rated prepaid tuition programs in the country.

MEFA provides financial resources to students from abroad through **PRISM:** Programs for International Students in Massachusetts, the first loan program of its kind in the nation. To graduate school students, MEFA offers the **Graduate Education Loan (GEL),** structured to help control a student's debt by matching borrowing levels to projected salary levels.

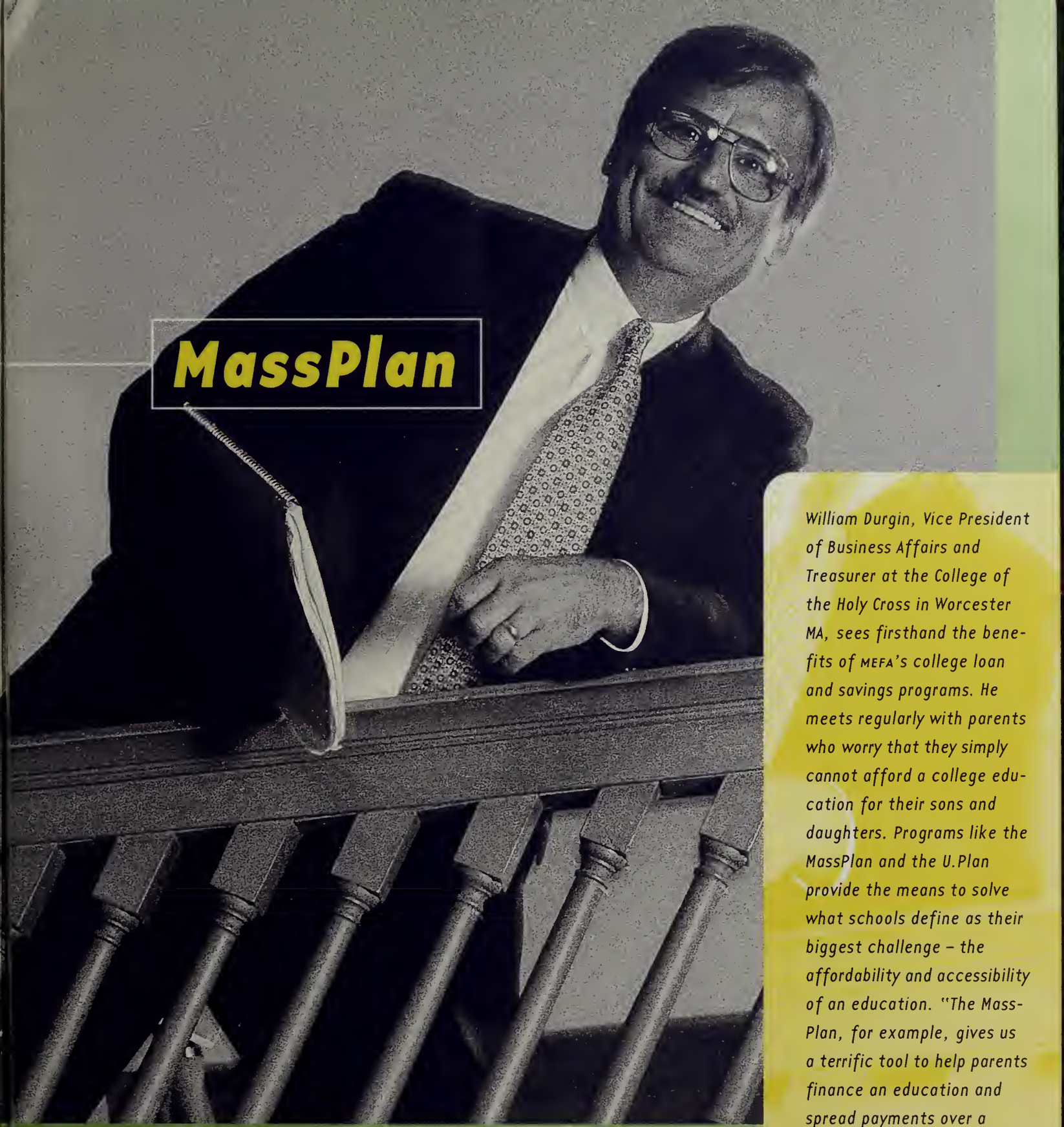
MEFA's many beneficiaries

MEFA enjoys a unique advantage in the world of education finance. As a not-for-profit state authority, MEFA uses the lowest cost debt financing available – tax-exempt bonds – and passes those savings directly on to families through one of the nation's lowest cost college loans. MEFA's low interest rates surpass the offerings of almost all other federal and private programs in the nation, including the Federal PLUS loan.

For parents, these low rates translate into substantial long-term savings. For students, MEFA's unique financing efforts create access, hope, and opportunity without forcing them to assume overwhelming debt once they complete their studies. Colleges and universities also benefit greatly from the Authority's financial programs, which draw an increasing number of talented, motivated students to the Commonwealth's campuses.

Through its ongoing initiatives, the Authority continues to make a substantial contribution to the economic development of Massachusetts higher education, the state's third largest industry. Much of MEFA's success is owed to its strategic partnering with more than 80 colleges and universities, as well as government agencies, banks and corporations.

Ultimately, the greatest beneficiaries of MEFA's educational financing offerings are the students. MEFA's innovative programs make the vast resources of more than 80 colleges and universities throughout the Commonwealth of Massachusetts available to a growing number of individuals seeking to advance their education.



"MEFA at the Head of the Class in Loans"

– The Boston Business Journal

William Durgin, Vice President of Business Affairs and Treasurer at the College of the Holy Cross in Worcester MA, sees firsthand the benefits of MEFA's college loan and savings programs. He meets regularly with parents who worry that they simply cannot afford a college education for their sons and daughters. Programs like the MassPlan and the U.Plan provide the means to solve what schools define as their biggest challenge – the affordability and accessibility of an education. "The MassPlan, for example, gives us a terrific tool to help parents finance an education and spread payments over a longer period of time, if necessary," he says. "MEFA is the conduit between the state, families, and private institutions. It brings all three parties together and creates a win/win situation for everyone."

MassPlan

Julie Dowd, a nursing student at Northeastern University, learned about the MassPlan from her financial aid counselor. She and her parents had already researched federal loans, bank loans and a variety of other financing options. But in 1996, Julie's first year at the university, the MassPlan offered a fixed rate of 7.65%, which translated into substantial savings over the course of Julie's three-year work/study program. For Julie, a commuter student who works part-time in Boston-area hospitals, the MassPlan is making a tremendous difference. Her two older brothers have already finished college, and even though Julie's loan is in her parents' names, she will be responsible for paying back a large portion of it. "What I like about the MassPlan," she says, "is that I won't be bogged down by a huge amount of debt when I graduate."

"The MassPlan Loan program... among the lowest interest rates for educational loans available nationwide."

– The Berkshire Eagle

For students and families seeking to finance the cost of a college education in Massachusetts, the MassPlan Loan Program offers an exceptional opportunity. Due to the Authority's tax-exempt bond financing, the MassPlan is, historically, one of the nation's lowest cost college loan programs.

simplifying a complex process

The Authority's flagship loan program, the MassPlan consists of a set of easy to understand options designed to meet the different needs of participating families.

MassPlan highlights

- Available on a 15-year fixed or a variable rate basis.
- Generous loan limits (100% of the cost of attendance, less any financial aid).
- Offered by a consortium of more than 75 colleges and universities in Massachusetts.
- Home equity option allows fixed rate borrowers to secure the MassPlan with the equity in their home, resulting in significant tax savings.
- Loan is made, in most cases, to the parent, legal guardian, or working spouse of a student who attends a participating college or university.
- Residents of all states may apply.
- Available to Canadian families and some international students.
- Low monthly payments.
- No application fee.
- Stability through the solid backing of MEFA and participating colleges and universities, so borrowers can feel confident about the availability of future financing for all four years of a college education.

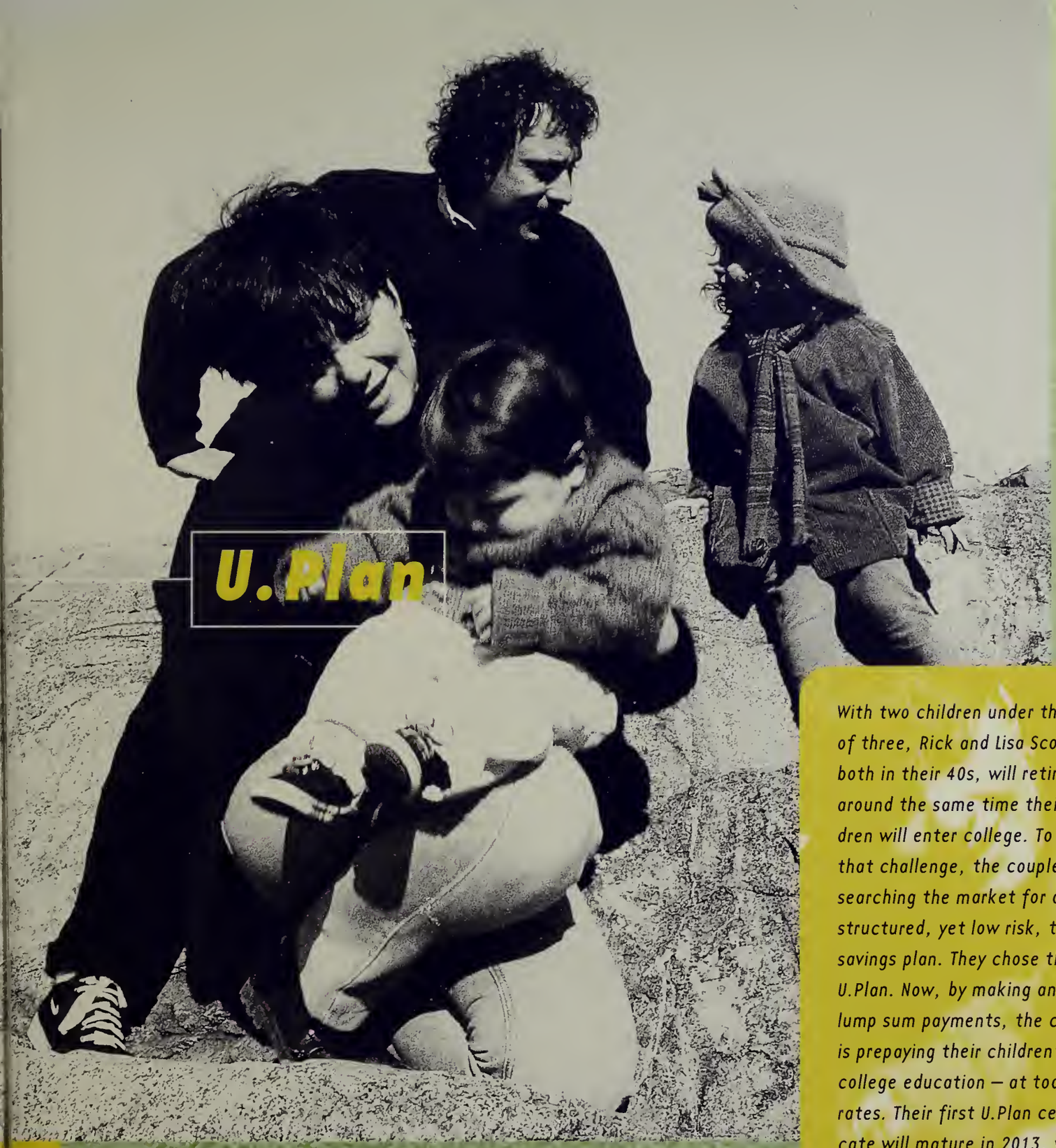
When the need for a prepaid tuition program emerged in Massachusetts, the Authority responded quickly and efficiently to market demands. In less than eight months, MEFA established key partnerships with colleges and universities, the Commonwealth of Massachusetts, and Fleet Bank. In 1995, MEFA launched the U.Plan - The Massachusetts College Saving Program.

Tens of thousands of families from around the world have invested millions of dollars in the U.Plan.

locking in the future today

U.Plan Highlights

- Families may prepay up to 100% of their child's future college tuition at today's rates, even though a child may not attend college for another 20 years.
- Families are guaranteed their investment will keep pace with rising tuition costs for the same percentage of tuition locked in at time of purchase.
- Flexible savings options. Families may invest a lump sum payment or establish a monthly savings account toward a future lump sum purchase.
- Families are not required to choose a college until they redeem tuition certificates at the time of student enrollment.
- If not used at a participating Massachusetts college or university, the U.Plan investment is returned at maturity, with interest, to be used at any college in the country.
- More than 80 Massachusetts colleges and universities participate in the program so families will be able to use their tuition certificates at a wide variety of schools.
- Available to residents and non-residents of Massachusetts.



"Massachusetts' plan is so innovative it could be considered third generation."

– Kiplinger's Personal Finance Magazine

"State's U.Plan gets high marks from financial advisors"

– The Boston Globe

With two children under the age of three, Rick and Lisa Scourtas, both in their 40s, will retire at around the same time their children will enter college. To meet that challenge, the couple began searching the market for a structured, yet low risk, tuition savings plan. They chose the U.Plan. Now, by making annual, lump sum payments, the couple is prepaying their children's college education – at today's rates. Their first U.Plan certificate will mature in 2013, when their daughter, Aristana, turns 18. At that time, she will be able to choose from over 80 Massachusetts public and private schools. "I want her to have the opportunity to attend one of these colleges, that's why Lisa and I began thinking about paying for college when the children were small rather than at 65 when we are nearing retirement."

Elana Smith, a 24-year-old graduate student in the Risk and Prevention in Childhood progrom at Harvard's Graduate School of Education, always knew she wonted to work with children who are at risk – risk of abuse, trauma, violence, or illness. "I believe it's o crucial area, especiolly given the challenges foced by many children in society today," says Smith, who is from Montreol, Quebec. The greatest obstacle she faced was financing more than $30,000 in tuition, room, board, books, ond other expenses to complete the one-yeor master's degree program. She found her answer in MEFA's GEL program, which allowed her to borrow the full amount, after the money she received from a Stafford federal loan and her work/study job. The GEL also offered o competitive 7.65% interest rate and allowed Smith to defer repoyment until six months after she graduates. "I did not have the financial meons to ottend this school," Smith says. "MEFA enabled me to borrow the amount I needed to reoch my goal."

"MassPlan loan rates among the lowest in the nation"

– Wakefield Daily Item

helping graduate students manage the long-term cost of education

To individuals who want to pursue graduate level studies, MEFA offers the Graduate Education Loan (GEL) program. The GEL not only features the same low interest rate and long repayment period as the MassPlan fixed interest rate option, but also offers a deferral of principal and interest for up to three years while the student is in school. In addition, the GEL helps students avoid overwhelming debt by matching borrowing levels to projected salary levels. With the GEL, students have the tools to finance their graduate studies without locking themselves into an unmanageable, long-term debt burden.

GEL PLAN HIGHLIGHTS

- Available on a 15-year, fixed rate basis.
- Borrow up to 100% of the cost attendance (tuition, fees, room and board, books and supplies, personal expenses), less any financial aid.
- Begin repayment immediately or defer for up to 3½ years while in graduate school.
- Low monthly payments.
- Residents of all states may apply.
- Home Equity Option allows borrowers to secure the GEL with the equity in their home, resulting in significant tax savings.
- Available to Canadian families and some international students.
- No application fee.
- Applicant is the student, together with a co-applicant.

"One state, at least, is trying to ease the financial burden on its international students. In the end everyone wins: overseas students solve their money problems, and Massachusetts draws more top people to its schools."

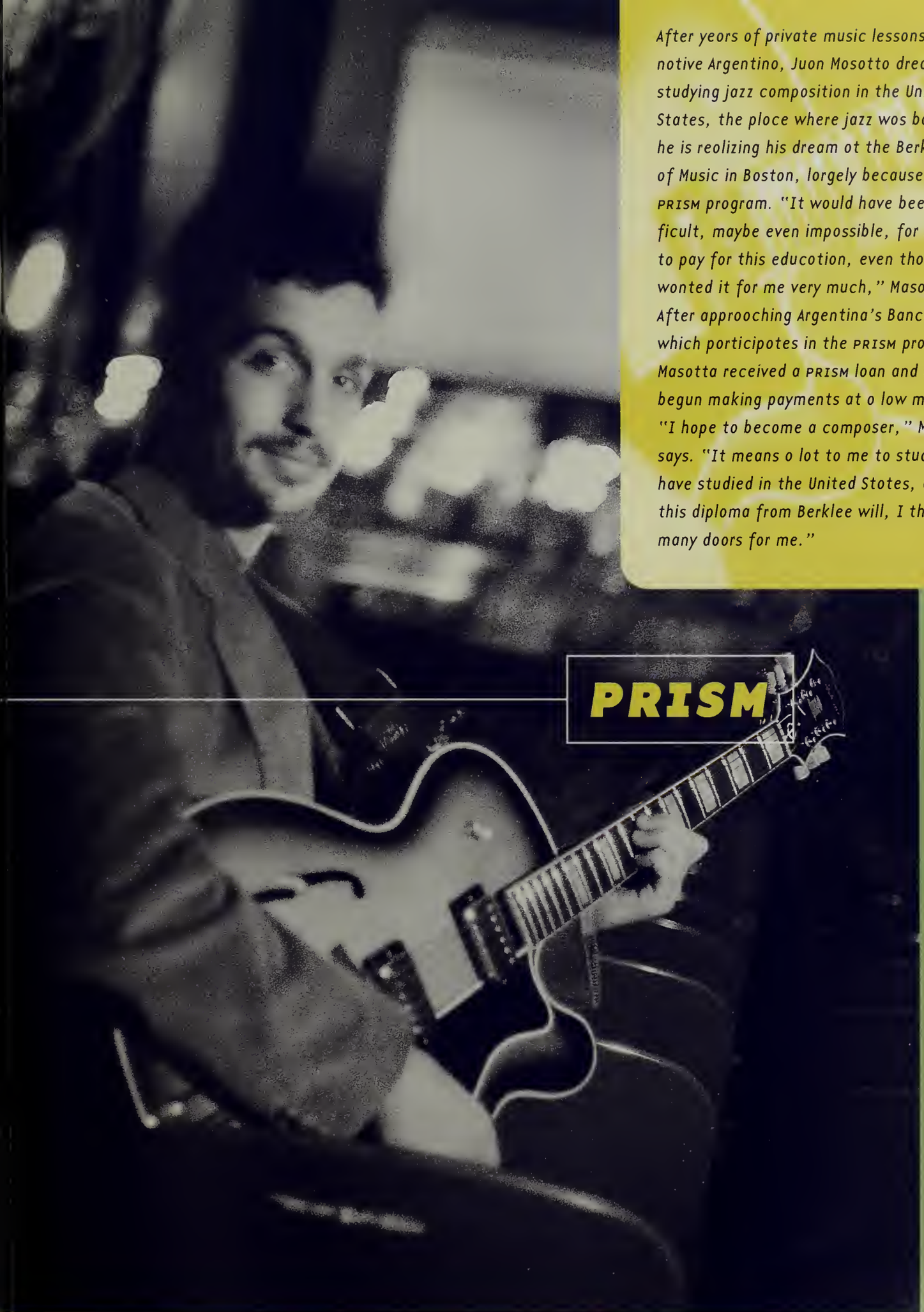
– Newsweek, The International News Magazine

building bridges for students from abroad

In today's global economy, international students play an increasingly vital role on college campuses. More colleges and universities are seeking out this dynamic student population in order to build ethnic and academic diversity, and to create new revenue streams. PRISM: Programs for International Students in Massachusetts is a bridge that brings together international students and Massachusetts' institutions of higher learning through marketing, recruitment, and financial aid.

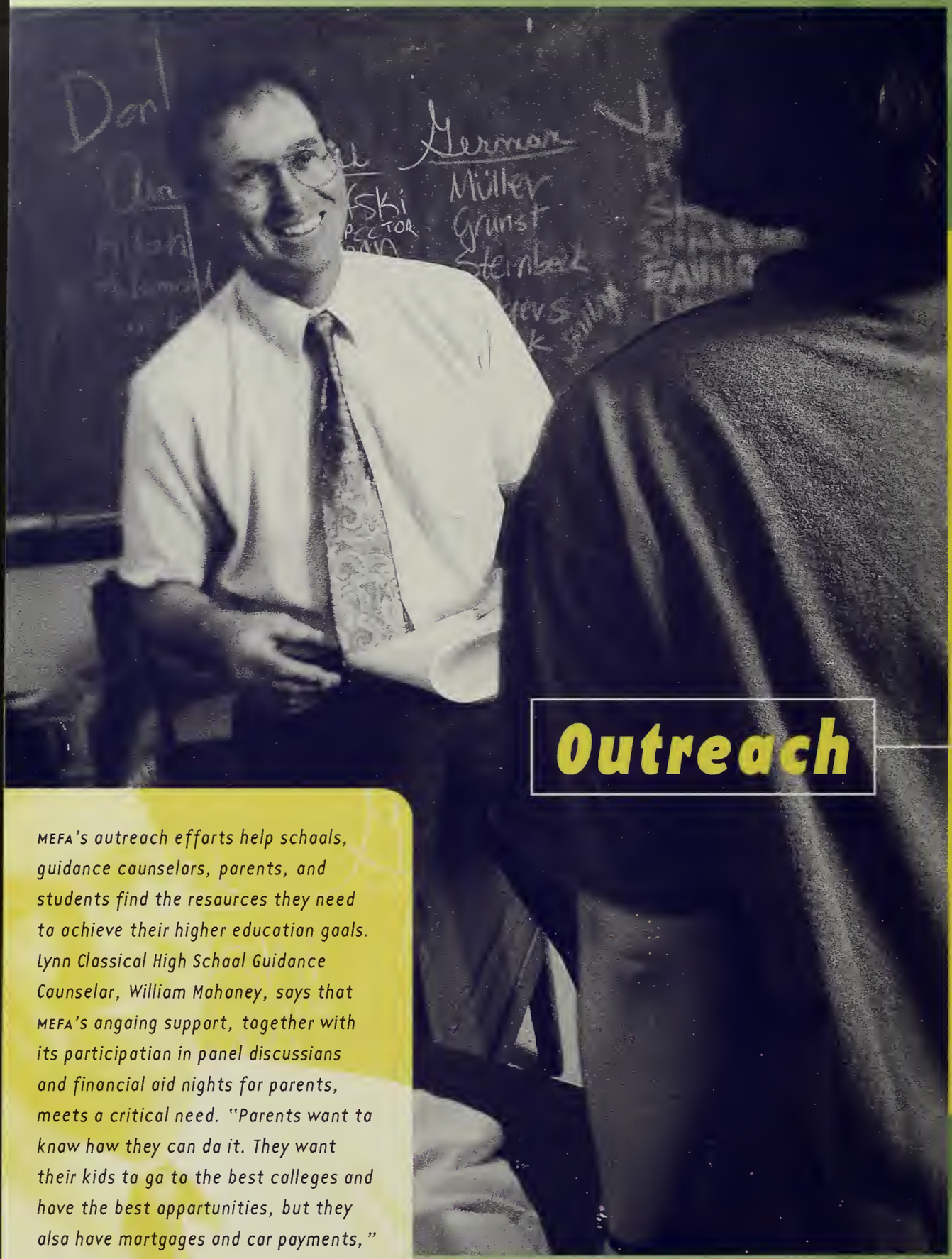
Central to PRISM is a global marketing campaign that includes *Discover Massachusetts*, a comprehensive guide to the many renowned colleges and universities of the Massachusetts higher education system. Produced in cooperation with the Massachusetts Port Authority (MASSPORT), *Discover Massachusetts* is distributed to prospective students through a worldwide network of educational advisors in more than 70 countries.

MEFA and MASSPORT help span the culture gap by sponsoring nearly a dozen annual recruitment fairs that expose college recruiters to tens of thousands of students from three continents. PRISM also makes available the nation's first international student loan program that allows students to borrow the full cost of their education at attractively low interest rates. Together, these initiatives help Massachusetts colleges and universities compete for students worldwide.



After yeors of private music lessons in his notive Argentino, Juon Mosotto dreamed of studying jazz composition in the United States, the ploce where jazz wos born. Today he is reolizing his dream ot the Berklee College of Music in Boston, lorgely because of the PRISM program. "It would have been very difficult, maybe even impossible, for my parents to pay for this educotion, even though they wonted it for me very much," Masotta says. After approoching Argentina's Banco Credito, which porticipotes in the PRISM progrom, Masotta received a PRISM loan and hos olreody begun making payments at o low monthly rate. "I hope to become a composer," Masotta says. "It means o lot to me to study here. To have studied in the United Stotes, and to have this diploma from Berklee will, I think, open many doors for me."

PRISM



Outreach

MEFA's outreach efforts help schools, guidance counselors, parents, and students find the resources they need to achieve their higher education goals. Lynn Classical High School Guidance Counselor, William Mahaney, says that MEFA's ongoing support, together with its participation in panel discussions and financial aid nights for parents, meets a critical need. "Parents want to know how they can do it. They want their kids to go to the best colleges and have the best opportunities, but they also have mortgages and car payments," Mahaney says. "MEFA sends the message that it can be done. They have the programs and the expertise and they're willing to extend themselves to come out here and talk to parents."

"High school seniors and their families who have questions about financial aid... may call the MEFA hotline."

- The Springfield Union News

reaching out to families, elementary and secondary schools, colleges and universities

Across the Commonwealth, MEFA has earned a distinguished reputation as the premier college financing expert by providing extensive outreach to families, schools, colleges and universities. MEFA has embraced its public service mission through a grassroots approach to delivering high quality education information through seminars, program literature, and ongoing dialogue with students and families.

MEFA's public service efforts include early awareness and college financing seminars offered, at no cost, throughout the Commonwealth. These seminars educate families about college costs, the importance of saving, and the intricacies of the financial aid process. MEFA teaches families how to complete application forms, find scholarships, and compare and evaluate financial aid award letters. MEFA also teaches families how to make wise alternative financing decisions.

MEFA supports high school guidance counselors and expands their resources by providing information about the educational opportunities available in Massachusetts and the financing programs that can make those opportunities a reality. MEFA publications include *Discover Massachusetts* – an introduction to colleges and universities across the Commonwealth and *A Guide to Borrowing* – a comparative guide to college financing programs. MEFA has further increased its contribution by joining with higher education colleagues to attend college fairs.

To help parents and students nationwide through a critical time in the college selection process, the Authority also provides the MEFA Hotline, a telephone hotline available in April. MEFA staff and local financial aid experts from area colleges and universities answer families' questions about financial aid and aid award letters, and discuss alternative financing options.

Impact of Higher Education Industry

THE HIGHER EDUCATION INDUSTRY IS THE THIRD LARGEST INDUSTRY IN THE COMMONWEALTH, WITH AN $11 BILLION ECONOMIC IMPACT ON THE STATE'S ECONOMY. IN ADDITION TO THE REVENUES GENERATED, THE HIGHER EDUCATION INDUSTRY DIRECTLY EMPLOYS OVER 150,000 PEOPLE AND IS RESPONSIBLE FOR PROVIDING AN ADDITIONAL 96,000 RELATED JOBS FOR A TOTAL OF APPROXIMATELY 250,000 JOBS. MASSACHUSETTS CLAIMS THE HIGHEST CONCENTRATION OF COLLEGES AND UNIVERSITIES IN THE UNITED STATES, INCLUDING SOME OF THE MOST PRESTIGIOUS AND SOUGHT AFTER INSTITUTIONS IN THE WORLD.

"The high cost of education... A lesson in financing tuition bills... with a little education, people can save thousands of dollars."

– The Middlesex Sunday News

MEFA'S PARTICIPATING SCHOOLS

THESE COLLEGES AND UNIVERSITIES PARTICIPATE IN ONE OR MORE OF THE AUTHORITY'S PROGRAMS

American International College
Amherst College
Anna Maria College
The Art Institute of Boston
Assumption College
Babson College
Bay Path College
Bay State College
Becker College
Bentley College
Berklee College of Music
Berkshire Community College
Boston College
The Boston Conservatory
Boston University
Bradford College
Brandeis University
Bridgewater State College
Bristol Community College
Bunker Hill Community College
Cape Cod Community College
Clark University
College of Our Lady of the Elms
College of the Holy Cross
Curry College
Dean College
Eastern Nazarene College
Emerson College
Emmanuel College
Endicott College
Fisher College
Fitchburg State College
Framingham State College
Franklin Institute of Boston
Gordon College
Greenfield Community College
Hampshire College
Harvard and Radcliffe Colleges
Hebrew College
Hellenic College
Holyoke Community College
Labouré College
Lasell College
Lesley College
Marian Court College
Massachusetts Bay Community College
Massachusetts College of Art
Massachusetts College of Liberal Arts
(formerly North Adams State College)
Massachusetts Institute of Technology
Massachusetts Maritime Academy
Massasoit Community College
Merrimack College
MGH Institute of Health Professions, Inc.
Middlesex Community College
Montserrat College of Art
Mount Holyoke College
Mount Ida College
Mount Wachusett Community College
New England College of Optometry
New England Conservatory of Music
Newbury College
Nichols College
North Shore Community College
Northeastern University
Northern Essex Community College
Pine Manor College
Quincy College
Quinsigamond Community College
Regis College
Roxbury Community College
Salem State College
School of the Museum of Fine Arts
Simmons College
Smith College
Springfield College
Springfield Technical Community College
Stonehill College
Suffolk University
Tufts University
University of Massachusetts
- Amherst
- Boston
- Dartmouth
- Lowell
- Medical Center at Worcester
Wellesley College
Wentworth Institute of Technology
Western New England College
Westfield State College
Wheaton College
Wheelock College
Williams College
Worcester Polytechnic Institute
Worcester State College

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MEFA'S 1997 HIGHLIGHTS

A Year in Review

This past year has been a banner year for MEFA with significant growth in all program areas. MEFA continues to help families finance a college education through its partnership with 93 colleges and universities in Massachusetts.

MassPlan

The MassPlan experienced a record breaking year. MEFA offered one of the lowest cost educational loans in the country with a 7.65% (APR 8.28%) fixed interest rate and a 6.55% (APR 7.18%) variable interest rate to over 8,300 families who borrowed nearly $58 million for attendance at one of MEFA's participating colleges and universities. MEFA continued to maintain historically the lowest educational loan default rate in the country at a rate of 1.15%. All of MEFA's loan proceeds were spent entirely in the Commonwealth of Massachusetts to promote the economic development of the higher education industry. In addition to record breaking volume, MEFA was pleased to welcome 15 new college partners to the MassPlan bringing the total number of participating colleges to 78.

U.Plan

The U.Plan continued to offer families a safe and guaranteed investment locking in tuition while providing a solid college savings vehicle. The U.Plan completed its third enrollment period on April 30th. Since its inception in 1995, over 39,100 participants from 38 states and 9 countries have invested over $65 million in the U.Plan. This year, MEFA was pleased to welcome 8 new college partners to the U.Plan bringing the total number of participating colleges and universities to 83.

PRISM

Programs for international students completed an exciting year enabling international students from Argentina and Canada to attend a Massachusetts college or university with MEFA financing. The expansion of PRISM continued with the addition of Brazil as a country partner. The *Discover Massachusetts* campaign provided increased opportunity for students to learn more about MEFA and its colleges through the publication of a comprehensive guide to Massachusetts higher education that was widely distributed both domestically and internationally. Additionally, the overseas recruiting fairs were expanded to 11 cities in nine countries.

Outreach

MEFA staff continued to expand its presence as the higher education financing experts by providing thousands of families with information about financing a college education and directly assisting over 700 families through the financing process. During this past year, MEFA participated in more than 300 educational financing seminars. Through an expanded public relations campaign, MEFA staff participated in over 50 media interviews and MEFA programs were cited in over 460 publications nationwide.

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